

EXHIBIT 1

INTRODUCTION

Respondent Dale L. Jones was an unsuccessful candidate for a seat on the Lynwood City Council in the November 4, 1997 General Municipal Election. Respondent Committee to Elect Dale L. Jones (the “Committee”) was the controlled committee of Respondent Dale L. Jones, and he assumed full responsibility for its operation. Under the provisions of the Political Reform Act (the “Act”),¹ Respondents were required to file campaign statements disclosing information about Respondent Committee, including information about the contributions that it received and the expenditures that it made, and to maintain required financial records that are necessary to properly disclose the activities of Respondent Committee. Respondents failed to fulfill these requirements of the Act.

For purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents Dale L. Jones and Committee to Elect Dale L. Jones failed to file a first pre-election campaign statement by September 25, 1997, for the reporting period July 1, 1997 through September 20, 1997, in violation of Government Code section 84200.8.

COUNT 2: In a first pre-election campaign statement filed on October 23, 1997, Respondents Dale L. Jones and Committee to Elect Dale L. Jones failed to report the true source of non-monetary contributions to Respondents valued at \$1,525, in violation of Government Code section 84211.

COUNT 3: Respondents Dale L. Jones and Committee to Elect Dale L. Jones failed to maintain detailed records and accounts as were necessary to properly prepare a first pre-election campaign statement, for the reporting period July 1, 1997 through September 20, 1997, in violation of Government Code section 84104.

COUNT 4: Respondents Dale L. Jones and Committee to Elect Dale L. Jones failed to file a semi-annual campaign statement by February 2, 1998, for the reporting period October 19, 1997 through December 31, 1997, in violation of Government Code section 84200, subdivision (a).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2, California Code of Regulations. All regulatory references are to title 2, division 6, of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

Duty to File Campaign Statements

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, in order for voters to be fully informed, and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

1. Pre-election statements

Section 84200.5, subdivision (c) requires all candidates and their controlled committees, for an election that is not being held in June or November of an even-numbered year, to file pre-election campaign statements according to a schedule set forth at section 84200.8. Subdivision (a) of section 84200.8 requires candidates and their controlled committees to file a first pre-election statement no later than forty days before the election, disclosing contributions and expenditures occurring up to forty-five days before the election. Subdivision (b) of section 84200.8 requires candidates and their controlled committees to file a second pre-election statement no later than twelve days before the election, disclosing contributions and expenditures occurring between forty-five and seventeen days before the election.

2. Semi-annual Campaign Statements

Another feature of the campaign reporting system, found at Section 84200, subdivision (a), is that candidates and their controlled committees must file semi-annual campaign statements each year, no later than July 31, to disclose contributions and expenditures that occur during the semi-annual reporting period ending June 30, and no later than January 31, to disclose contributions and expenditures that occur during the semi-annual reporting period ending December 31.

3. Duty to Disclose and Itemize Contributions of \$100 or More

If the cumulative amount of the contributions received by a committee from a contributor is \$100 or more, and the committee receives a contribution from the contributor during a reporting period, section 84211, subdivision (f) requires the committee to report on its campaign statement for that reporting period, the following itemized information: (1) the contributor's full name, address, occupation and employer; (2) the date and amount of the contribution; and (3) the cumulative amount of the contributions received from the contributor.

Section 82015, subdivision (a) states, in pertinent part, that a "contribution" means "a payment . . . except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes." Section 82015, subdivision (b)(1) goes on to state that a payment made at the behest of a committee, as defined in subdivision (a) of section 82013, is a contribution to the committee unless full and adequate consideration for making the payment is received from the behesting committee.

Section 82015, subdivision (b)(2) states that a payment made at the behest of a candidate is a contribution to the candidate, unless full and adequate consideration is received from the candidate, or it is clear from the surrounding circumstances that the payment was made for purposes unrelated to his or her candidacy for elective office.

Duty to Maintain Records

To ensure accurate campaign reporting, section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, and to comply with the campaign reporting provisions of the Act. Under regulation 18401, subdivisions (a)(1) - (a)(3), this duty includes maintaining original source documentation for all contributions and expenditures, which under subdivision (b)(2) is required to be retained for a period of four years following the filing date of the campaign statement to which the documentation relates.

SUMMARY OF THE FACTS

COUNT 1

Failure to Timely File First Pre-election Campaign Statement

As Respondent Dale L. Jones was a candidate in the November 4, 1997 General Municipal Election in the City of Lynwood, Respondents Dale L. Jones and Committee to Elect Dale L. Jones were required to file a first pre-election campaign statement by September 25, 1997, covering the reporting period July 1, 1997 through September 20, 1997. Respondents filed a first pre-election campaign statement on October 23, 1997, which stated that it covered the period July 14, 1997 through September 20, 1997. By failing to timely file a first pre-election campaign statement that was due by September 25, 1997, Respondents violated section 84200.8 of the Government Code.

COUNT 2

Failure to Report the True Source of a Contribution

In all of their campaign statements, Respondents Dale L. Jones and Committee to Elect Dale L. Jones had a duty to report the true source of any contribution. As stated in Count 1, Respondents filed a first pre-election campaign statement on October 23, 1997, which stated that it covered the period July 14, 1997 through September 20, 1997. Respondents reported in that statement that their only campaign activity during that period was the receipt of non-monetary contributions from Respondent Dale Jones totaling \$1,812.60. These contributions consisted of campaign materials, which Respondents valued at \$1,525, and \$287.60 in unitemized non-monetary contributions valued at less than \$100 each. The campaign statement reported that the \$1,525 worth of campaign materials contributed by Respondent Jones consisted of campaign literature, campaign water bottles, campaign T-shirts and campaign signs.

When interviewed by Enforcement Division Investigator Sandra Buckner on July 8,

1999, Respondent Jones stated that, in fact, he received the materials from Lynwood City Council candidate Armando Rea and that Lynwood City Council candidate, Arturo Reyes, told Respondent Jones to put the figure of \$1,525 down as the value of the materials.

By failing to accurately report the source of campaign materials valued at \$1,525, in the campaign statement that was filed on October 23, 1997, Respondents violated section 84211, subdivision (f) of the Government Code.

COUNT 3

Failure to Maintain Campaign Records

Respondents Dale L. Jones and Committee to Elect Dale L. Jones had a duty to maintain detailed accounts, records, bills and receipts that were necessary to prepare the first pre-election campaign statement, covering the reporting period July 1, 1997 through September 20, 1997. On February 11, 1999, Investigator Buckner mailed a letter to Respondent Jones asking him to produce copies of campaign financial records which could substantiate the campaign activity reported in Respondents' campaign statements. On March 15, 1999, Investigator Buckner received a letter from Respondent Jones stating that he did not maintain records for the contributions that he received, and only kept receipts for a few expenditures.

By failing to maintain detailed records and accounts necessary to properly prepare a first pre-election campaign statement, covering the reporting period July 1, 1997 through September 20, 1997, Respondents violated Government Code section 84104.

COUNT 4

Failure to Timely File a Semi-annual Campaign Statement

Respondents Dale L. Jones and Committee to Elect Dale L. Jones were required to file a semi-annual campaign statement, covering the reporting period October 19, 1997 through December 31, 1997, by February 2, 1998. On May 26, 1998, Respondents filed a semi-annual campaign statement which states that it covers the period November 4, 1997 through January 31, 1998. When interviewed by Enforcement Division Investigator Sandra Buckner on July 8, 1999, Respondent Jones told Investigator Buckner that he did not remember why he filed this statement almost four months late. By failing to timely file the semi-annual campaign statement that was due by February 2, 1998, Respondents violated section 84200 of the Government Code.

CONCLUSION

This matter consists of four counts, which carry a maximum possible administrative penalty of eight thousand dollars (\$8,000). Respondent Jones ran on a slate with three other candidates for Lynwood City Council, Armando Rea, Arturo Reyes and Ricardo Sanchez, who have all been the subject of other enforcement actions. Respondent Jones, a retired mail carrier, had never run for elected office previously. Respondent Jones stated that he was approached by then-City Council member Armando Rea, who asked Respondent Jones to run on the slate.

Having been a mail carrier in Lynwood for 30 years, Respondent Jones knew a lot of people in Lynwood and he believes that is why Rea wanted him on the slate. Respondent Jones stated that Rea assured him that Rea and Reyes would handle all the campaign fundraising and expenditures for the slate. Respondent Jones stated that, in fact, Arturo Reyes and Armando Rea handled all the campaign fundraising and expenditures and provided Respondent Jones with all the information to report on his campaign statements. Respondent Jones stated that he trusted Rea and Reyes to accurately advise him regarding what he needed to report on his campaign statements. In addition to being City Council members at the time, Armando Rea was also a sheriff's deputy and Arturo Reyes was an accountant.

Given Respondent Jones' lack of political experience, in contrast to Rea and Reyes, and in light of Rea's status as a police officer and Reyes' professional qualifications as an accountant, it is not unreasonable to believe that Respondent Jones would trust their advice in matters of campaign finance reporting. While Respondent Jones' reliance on the advice of his fellow slate members does not excuse his violations, it does provide some mitigation.

In light of the facts described above, imposition of the agreed upon penalty of four thousand dollars (\$4,000) is justified.